



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590

SEP 7 2012

REPLY TO THE ATTENTION OF:
WC-15J

CERTIFIED MAIL 7009 1680 0000 7669 4568
RETURN RECEIPT REQUESTED

Darryl Koski
Operations Manager
L'Anse Warden Electric Company
157 South Main Street
L'Anse, Michigan 49946

Subject: **April 2012 Compliance Evaluation Inspection**

Dear Mr. Koski:

Protecting water quality is a high priority of the U. S. Environmental Protection Agency. Pollutants discharged to waterways contribute to poor water quality and impairment of uses of those waterways.

Enclosed, please find a copy of the U.S. Environmental Protection Agency Inspection Report for the April 26 through April 27, 2012 inspection of L'Anse Warden Electric Company's Fuel Aggregation Facility located at 17696 U.S. Highway 41, L'Anse, Michigan. The purpose of the inspection was to evaluate and document compliance with the Clean Water Act.

If you have any questions, please contact Jeremy Deyoe of my staff at (312) 353-8512.

Sincerely,

Barbara VanTil,
Chief, Water Enforcement & Compliance Assurance
Section #1

Enclosures

cc: Mike Masterson, MDEQ
Randy Conroy, MDEQ
J.R. Richardson, L'Anse Warden Electric Company

**CWA COMPLIANCE EVALUATION INSPECTION REPORT
U.S. ENVIRONMENTAL PROTECTION AGENCY, REGION 5**

Purpose:

Compliance Evaluation Inspection

Facility:

L'Anse Warden Electric Company
Fuel Aggregation Facility
17696 U.S. Highway 41
L'Anse, Michigan 49946
46.749590, -88.462230

NPDES Permit Number:

MIS310000

Date of Inspection:

April 26 –April 27, 2012

EPA Representatives:

Jeremy Deyoe, Environmental Engineer (312) 353-8512

Michigan Department of Environmental Quality (MDEQ) Representative:

Randy Conroy, Upper Peninsula District Geologist (906) 346-8300

Facility Owner:

L'Anse Warden Electric Company, LLC

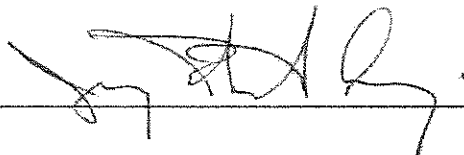
Report Prepared by:

Jeremy Deyoe, Environmental Engineer (312) 353-8512

Report Date:

June 22, 2012

Inspector Signature

A handwritten signature in black ink, appearing to be 'J. Deyoe', is written over a horizontal line.

BACKGROUND

The purpose of this report is to describe, evaluate and document L'Anse Warden Electric Company's (LWEC) compliance with sections 301 and 402 of the Clean Water Act (CWA). The inspection was at LWEC's Fuel Aggregation Facility (FAF) in the city of L'Anse, in Baraga County Michigan on April 26 and April 27, 2012.

The FAF is located on property leased by LWEC from CertainTeed Gypsum and Ceiling Manufacturing, Inc (CertainTeed). CertainTeed is located at 200 South Main Street, L'Anse, Michigan, and is adjacent to the FAF. Verso Paper Corporation also leases land from CertainTeed and maintains a building, fuel storage and a log storage yard at the FAF. The entrance to the FAF is shared by both LWEC and Verso Paper Corporation.

LWEC submitted a complete application for the FAF to be covered under the National Pollutant Discharge Elimination System (NPDES) wastewater discharge general permit for storm water from industrial activity on February 8, 2011. The application was flagged and sent for district review prior to issuing the certificate of coverage (COC). After Michigan Department of Environmental Quality (MDEQ) approval, the COC was issued, and took effect on March 22, 2012. The COC allows LWEC to discharge storm water from the FAF in accordance with the NPDES permit, MIS310000, issued by MDEQ.

The FAF aggregates and processes scrap wood for use as biomass fuel at the LWEC John H. Warden Generating Station. Wood chips from logging operations and railroad ties are the main biomass fuels. Approximately six tons of railroad ties are received daily at the FAF.

LWEC is not allowed to accept wood that has been treated with chromate copper arsenate, ammoniacal copper quaternary, or ammoniacal copper zinc arsenate. Railroad ties at the FAF have been treated with creosote or pentachlorophenol (PCP). Wood chips from logging operations are untreated.

Wood chips are shipped by truck. Trucks are weighed upon arrival, deliver wood chips, and are weighed again prior to exiting the FAF. Front end loaders move the newly delivered wood chips to their respective storage area. Wood chips are further chipped using a portable wood chipper prior to being sent to the generating station.

Railroad ties arrive via railcar or truck, are unloaded using a front end grapple loader and aggregated. Scrap wood and sediment that collected in railcars is removed and stored in a pile or in open dumpsters. The processing of railroad ties includes the removal of metal pieces followed by chipping. Railroad ties are chipped using a portable wood chipper and allowed to accumulate on the ground prior to being transferred with a front end loader into the processed railroad tie storage building.

Using a front end loader, wood chips and chipped railroad ties are loaded onto a conveyor belt through a loading bin and transported to the wood room building. In the wood room building, large wood chips are separated and removed through a second conveyor belt that drops the oversized wood chips outside of the wood room building for re-chipping. Properly sized wood chips are sent from the wood room building directly to the John H. Warden Generating Station via a pneumatic conveyance system.

SITE INSPECTION

Entry was made, and credentials were presented to Darryl Koski, at the LWEC John H., Warden Generating Station at 9:20 A.M. on April 26, 2012. Entry to the FAF was made at 10:20 A.M. on April 26, 2012 and I left the site at 12:20 P.M. On April 27, 2012 entry to the FAF was made at 10:10 A.M. and I left the site at 11:30 A.M.

On April 26, 2012, it was approximately 33° Fahrenheit, with cloudy to partly cloudy skies and gusty winds throughout the inspection. It had snowed overnight but no snow was remaining at the time of the inspection. During the inspection on April 27, 2012 it was approximately 42° Fahrenheit, sunny and there was no wind.

I observed that the entrance, from U.S. Highway 41, into the FAF was dirt inside of the entrance gate (IMGP9069).



Photo: IMGP9069: Entrance to the FAF with the PCP treated railroad ties on the left side of the photo.
Direction: Facing south.

Entering the FAF I observed a large accumulation of wood chips located northwest of the entrance. On the east side of the wood chip pile was a truck scale (Photo IMGP9068).

Surrounding the north and northwest sides of the wood chip pile were steel pilings which were separated from the wood chip pile by a dirt road for vehicles and equipment (Photo IMGP9066). I observed piles of wood chips that were pushed up against both sides of the pilings. Wood chips were piled to the top of the pilings in some areas. There was no runoff or water observed during the inspection around the wood chip pile, the dirt road or pilings.

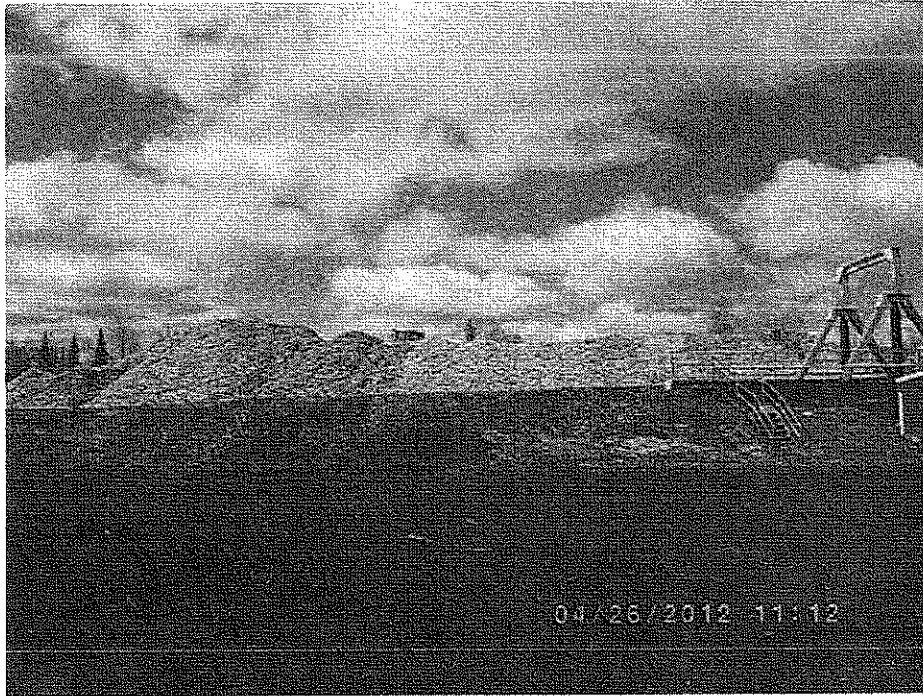


Photo IMGP9068: Untreated wood chip pile with truck scale.
Direction: Facing west.



Photo IMGP9066: Pilings along the north side of the access road surrounding the wood chip pile.
Direction: Facing northwest.

There were three separate areas where railroad ties were aggregated. Upon entry from U.S. Highway 41, I observed a large aggregate of railroad ties that ran parallel to the east side of the entry road (Photo IMGP9045, IMGP9062 and IMGP9081). This was identified by facility representatives as the PCP treated railroad tie aggregate. I observed that the ties were piled on the ground. They were not elevated. I observed that immediately to the east, and running parallel with the PCP railroad tie aggregate, was a ditch that had water during the inspection (Photo IMGP9080). The water in the ditch flowed on site from a culvert that ran under U.S. Highway 41 just east of the FAF entrance (Photo IMGP9078). The ditch had thick vegetation and water was not flowing from the north end of the ditch during the inspection (Photo IMGP9064). At the north end of the PCP railroad tie aggregate was another ditch that ran from west to east (Photo IMGP9063). This ditch received runoff from the woods between the PCP railroad ties and the overflow railroad tie pile. This ditch was full of debris. I observed water in the ditch at the time of the inspection, but it was not flowing. The only observable method of discharge from the ditch was from overflow at the west end, just north of the PCP railroad ties. Facility representatives stated that any overflow from this point would flow towards the north end of the FAF through an open dirt area and would dissipate. No structural controls were observed around the PCP railroad tie aggregate.

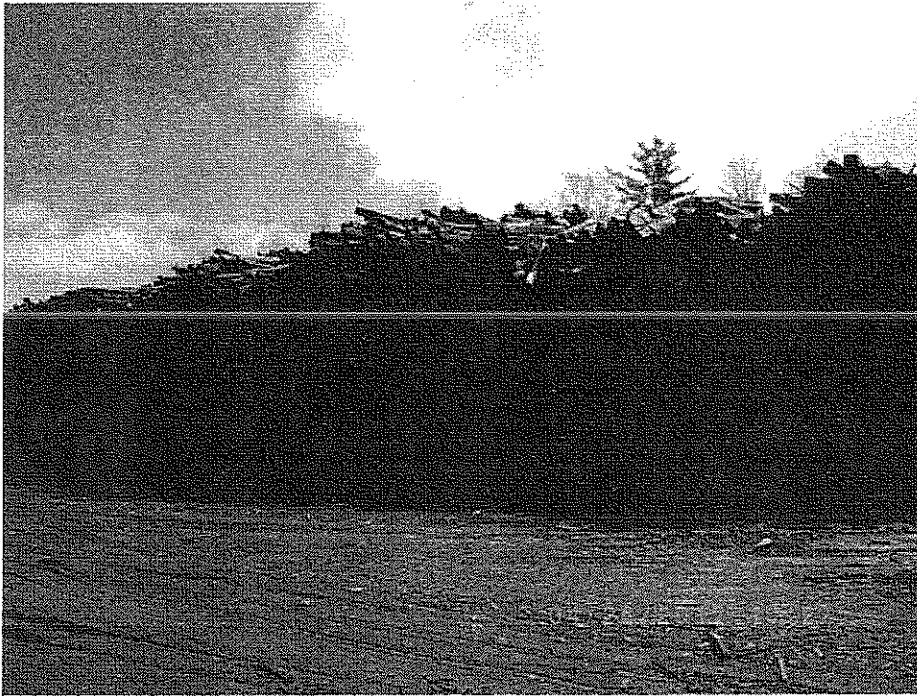


Photo IMGP9045: PCP treated railroad tie aggregate.
Direction: Facing northeast.



Photo IMGP9062: North end of the PCP railroad tie aggregate.
Direction: Facing east.



Photo IMG9081: Eastern edge of the PCP railroad tie aggregate with the adjacent ditch containing water.
Direction: Facing north.



Photo IMG9080: Water in the ditch on the eastern edge of the PCP railroad tie aggregate.
Direction: Facing north.



Photo IMGP9078: Culvert from under U.S. Highway 41 flowing onto the FAF.
Direction: Facing northeast.



Photo IMGP9064: Ditch adjacent to the PCP railroad tie aggregate leading into a second ditch with water at the north end of the aggregate.
Direction: Facing south.



Photo IMGP9063: Ditch at the north end of the PCP aggregate with water and debris present.
Direction: Facing east.

On the west side of the entry road running parallel to U.S. Highway 41 was a second railroad tie aggregate identified by facility representatives as being creosote treated railroad ties. This aggregate was not elevated off of the soil. I observed a berm along the south side of the creosote aggregate (Photo IMGP9085). The berm started at the FAF entrance and was approximately 150 feet in length. The berm did not extend the length of the aggregate. Immediately west of where the berm ended, I observed an area that showed evidence of water flowing into the creosote aggregate (Photo IMGP9086). I observed that this area had water at the time of the inspection. The west end of the creosote railroad tie aggregate was piled to the edge of the woods (Photo IMGP9087). I identified a small north flowing stream that ran along the west edge of the FAF that was approximately 30 to 40 feet from the west end of the creosote aggregate (Photo IMGP9089). The ground in the woods was vegetated between the creosote railroad ties and the stream. I observed a runoff path into the woods from the area around the creosote aggregate. I did not observe a distinct connection between the pathway and the stream. There was water in the pathway at the time of the inspection. The berm was the only structural control identified around the creosote aggregate during the inspection.



Photo IMGP9085: Creosote railroad tie aggregate with a berm running parallel on the south side.
Direction: Facing west.



Photo IMGP9086: Wet area on the south side of the creosote railroad tie aggregate that showed evidence of flow under the aggregate.
Direction: Facing north.



Photo IMGP9087: West end of creosote railroad aggregate adjacent to the woods.
Direction: Facing southeast.



Photo IMGP9089: Stream running along the western edge of the FAF.
Direction: Facing southwest.

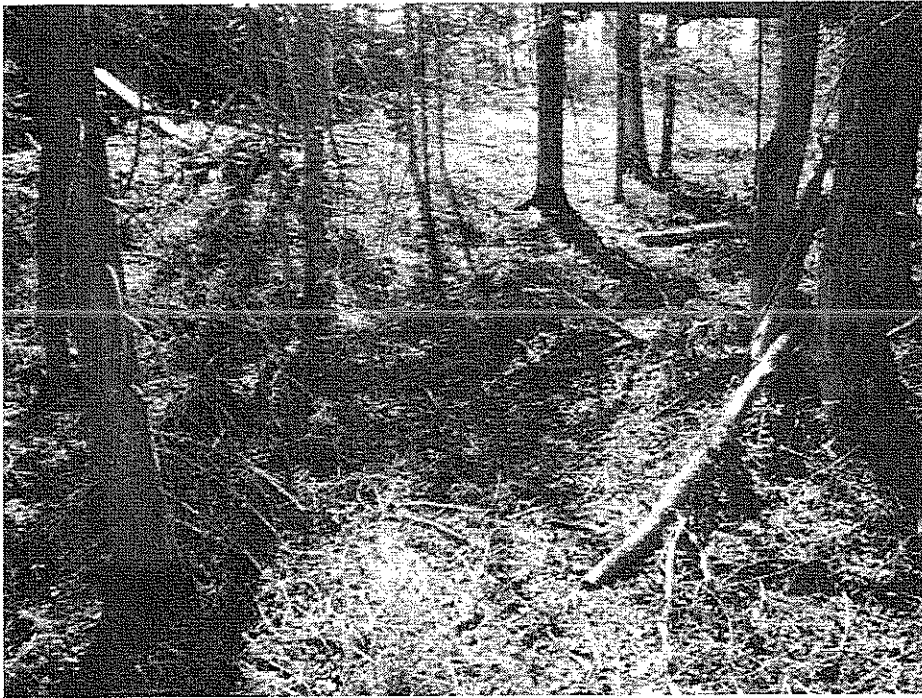


Photo IMGP9088: Runoff pathway from the area around the end of the creosote railroad tie aggregate into the woods and towards the stream along the west edge of the FAF.
Direction: Facing southeast.

The third aggregate was termed the overflow railroad tie aggregate. All railroad ties in the overflow aggregate were creosote treated. The overflow aggregate ran parallel to U.S. Highway 41 just south of the Verso wood storage area. The aggregate was not elevated off of the soil. The overflow aggregate was situated at the base of a hill and ran parallel to U.S. Highway 41 (Photo IMGP9082). The hill was vegetated and ran the length of the overflow aggregate, turning slightly north at the east end of the overflow aggregate (Photo IMGP9061). The ground at the west end of the overflow aggregate was sloped west towards the woods. No water or pathways were observed around the overflow aggregate. There were no structural controls identified around the overflow aggregate.



Photo IMGP9082: View from the west end along the south side of the overflow railroad tie aggregate.
Direction: Facing northeast.



Photo IMGP9061: East end of the overflow railroad tie aggregate.
Direction: Facing south.



Photo IMGP9077: Overflow railroad tie aggregate from U.S. Highway 41.
Direction: Facing northeast.

I observed an additional small pile of railroad ties at the west end of the FAF along the edge of the woods (Photo IMGP9053 and IMGP9052). The railroad ties were located on the west of the construction area behind the processed railroad tie storage area. Facility representatives identified the railroad ties as those that needed to have metal removed. The length of time that the railroad ties sat at this location is unknown, but appeared significant based on the dirt buildup at the base of the pile (Photo IMGP9052). I observed that the railroad ties were located within 20 feet of the stream that ran along the west edge of the FAF. The area between the railroad ties and the stream was vegetated and contained debris. No structural controls were observed around the railroad ties.



Photo IMGP9053: Additional pile of railroad ties located west of the processed railroad tie storage building.
Direction: Facing northwest.



Photo IMGP9052: Loose soil located at the construction area along the west side of the processed railroad tie storage building.
Direction: Facing west.

I observed that the construction area around the processed railroad tie storage building was not stabilized in accordance with the NPDES general permit for discharges from construction activity (Photo IMGP9052). This was most apparent on the north and west sides. The area contained loose dirt and no vegetation. Water was pooled in several areas of the uneven soil at the time of the inspection (Photo IMGP9052). Along the north edge of the construction area there was a ditch that contained water at the time of the inspection. The water in the ditch was not flowing (Photo IMGP9050 and IMGP9049). There was silt fencing on the sides of the ditch. I observed that the ditch led to the small stream that runs along the western end of the FAF. The ditch was vegetated and contained significant debris including fallen trees and branches (Photo IMGP9049). I observed silt fencing along the north side and at the northwest corner of the construction area. The silt fencing was not continuous. Facility representatives stated that the silt fencing was put up for the construction work and was never removed. The silt fencing that remained had not been properly maintained and contained areas of both torn and fallen fence (Photo IMGP9050). In some areas, there were gaps underneath the fence. I observed a pile of dirt and rock that contained eroded runoff pathways that led into the woods towards the small stream on the west side of the FAF (Photo IMGP9054). The pile was located on the west side of the processed railroad tie storage building. Large rocks and dirt from the pile were observed in the woods within 10 feet of the small stream. There were no structural controls observed around the area.



Photo IMGP9050: Silt fencing along the ditch at the north end of the construction area.
Direction: Facing northwest.



Photo IMGP9049: Silt fencing around the ditch at the north end of the construction area with identifiable rips and missing segments.
Direction: Facing northeast.



Photo IMGP9054: Soil and rock that was piled along the western side of the construction with identifiable runoff pathways leading towards the stream.
Direction: Facing southwest.

I observed a pile of railroad tie scrap wood pieces and dirt at the northeast corner of the facility where railroad ties are unloaded from the railcars (Photo IMGP9098). Facility representatives identified the pile as material removed from the bottom of railcar after railroad ties have been offloaded. Next to the pile were two uncovered dumpsters (Photo IMGP9097). Railroad tie pieces and soil are loaded into the dumpsters and shipped off site. The current pile was too large to be put into two dumpsters. Facility representatives stated that dumpsters are not picked up frequently enough to only store the material in the two dumpsters. I observed that there was silt fencing along the north side of the pile (Photo IMGP9098). Any runoff from the pile that would leave the FAF would flow through a heavily vegetated wooded area before reaching CertainTeed (Photo IMGP9098). The silt fencing was the only structural control identified.



Photo IMGP9098: Backside of the scrap railroad tie and soil pile with silt fencing around the backside. Direction: Facing northeast.



Photo IMGP9097: Dumpsters used to remove the scrap railroad tie and dirt material.
Direction: Facing northeast.

I observed that the conveyor belt to the wood room building is covered, but there was a buildup of fine wood particles underneath the conveyor (Photo IMGP9058). I observed fine wood particles falling from the conveyor. The area below the conveyor was wet. There was a section of silt fencing that remained from previous construction activity that was located next to the conveyor loading bin. There were no other structural controls observed around the wood room building or under the conveyor. I observed a ditch that entered the woods near the the northwest corner of the wood room building (Photo IMGP9094). The ditch was vegetated once it entered the woods (Photo IMGP9095). The ditch led to the stream along the west side of the FAF (Photo IMGP9096). No flow was observed in the ditch during the inspection.



Photo IMGP9058: Wood fines accumulated under the conveyor leading to the wood room building.
Direction: Facing northwest.



Photo IMGP9094: Discharge pathway into the ditch at the northwest corner of the wood room building.
Direction: Facing west.



Photo IMGP9095: Vegetated area of the ditch originating at the northwest corner of the wood room building.
Direction: Facing west.



Photo IMGP9096: Discharge point from the ditch into the stream along the west edge of the FAF.
Direction: Facing southwest.

I observed a runoff pathway along the south edge of the railroad tracks that entered the ditch at the northwest corner of the wood room building. A facility representative identified the sources of storm water that contributed to the pathway as the runoff from the central dirt area in the FAF and from a Verso wood storage area culvert (Photo IMGP9092). I observed that the re-chipping pile was upslope of the runoff pathway. The pathway was well defined until it entered the woods at which time it became vegetated (Photo IMGP9094, IMGP9095, IMGP9096 and IMGP9093). The ditch connected with the stream that runs along the west side of the FAF. There were no structural controls around the pathway at the time of the inspection.



Photo IMGP9092: Culvert from the Verso wood storage area.
Direction: Facing east.



Photo IMGP9093: Runoff pathway along the south side of the railroad tracks leading to the ditch at the northwest corner of the wood room building.
Direction: Facing west.

DOCUMENT REVIEW

NPDES Permit MIS310000 took effect on April 1, 2008 and expires at midnight on April 1, 2013. One of the permit requirements is for LWEC to prepare and implement a storm water pollution prevention plan (SWPPP). SWPPP requirements are set forth in sections I.C.1 through, and including, I.C.3 of the permit. The permit requires LWEC to keep the SWPPP current through an annual review and amendment process. A summary of the annual review must be prepared and kept on site for three years, in accordance with the record keeping requirements in section I.D.1 of the permit. Any changes in the certified storm water operator requirements must be documented and the new operator must review and sign the SWPPP. Non-storm water discharges are not covered by this permit.

I received a copy of the SWPPP for the FAF prior to the inspection. During the inspection, additional SWPPP documents were requested including all records and reports required to be kept in accordance with the SWPPP and the permit. The facility was asked to provide at least two documents for each report type, for the last year. The most recent two years of annual reports were also requested.

Records were received by email after the inspection and reviewed along with the SWPPP and the current NPDES permit, MIS310000.

The SWPPP contained the following deficiencies:

1. The facility map in the SWPPP contained permanent structures that did not exist on site including:
 - a. A berm around the entire FAF.
 - b. Silt fencing along the western side of the FAF.
 - c. Gravel cover throughout the facility.
 - d. An office trailer located next to the processed railroad tie storage building.
2. There is a storm water outfall in the SWPPP that is not identified on the facility map.
3. There are no outlines of the drainage areas on the facility map.
4. Areas of exposed and/or erodible soils are not identified on the facility map. The map should also include, at a minimum, the construction area around the processed railroad tie storage building.
5. The stream along the west side of the FAF is not identified on the facility map.
6. Creosote and PCP are not listed in the SWPPP as significant materials that may pollute storm water.
7. The SWPPP did not include a written description of the reasonable potential for runoff from all significant particulate generating processes, including the transport of wood chips on the conveyor system.
8. The SWPPP does not describe materials/equipment to be inspected, tested and/or cleaned in the preventative maintenance program.
9. SWPPP records for the monthly preventative maintenance program show that inspection, testing and cleaning of all materials/equipment is not occurring during each monthly inspection.
10. The quarterly comprehensive site inspection only addresses water discharge quality and is not a comprehensive site inspection.
11. The SWPPP does not contain a plan or schedule for quarterly comprehensive site inspections.
12. There are no quarterly comprehensive site inspection non-compliance certification statements with the SWPPP documents.
13. The SWPPP does not contain a description and schedule for good housekeeping inspections, including items to be reviewed.
14. The good housekeeping practice of storing of waste metals in covered containers is not being implemented on site as described in the SWPPP.
15. There was no evidence on site of reestablishing a vegetated buffer on the north side of the railroad tracks as described in the SWPPP.
16. The construction area around the processed railroad tie storage building is not identified in the SWPPP as having high potential for significant erosion.
17. Periodic dates for employee training were not identified in the SWPPP.
18. No completed annual employee training forms were present with the SWPPP documents.
19. Table 3 in the SWPPP, Storm Water Source Best Management Practices (BMPs), need to be updated and include detailed descriptions of source control BMPs.
20. Table 2 in the SWPPP needs to include specific descriptions for current material management practices.
21. The SWPPP has not been updated annually.

22. The annual SWPPP review should contain a complete written summary of findings.
23. The SWPPP certification statement was dated April 13, 2012, when the permit was issued on March 22, 2012 and the last annual review was on March 6, 2012.

CONCLUSION

No unpermitted discharges were identified during the site inspection. The FAF was permitted and had a SWPPP at the time of the inspection. The SWPPP currently does not include all permit requirements. There are sections that are missing or incomplete.

In order to mitigate pollutants from entering the nearby stream, it is recommended that structural controls, such as berms and silt fencing, should be placed along the west side of the facility around railroad tie piles. BMPs should be implemented around the site to prevent storm water or run-on from off site from contacting sources of potential pollutants such as the railroad tie aggregates.

The recommendations above should be placed into the SWPPP and the SWPPP updated.

DOCUMENTS RECEIVED

1. Fuel Aggregation Facility SWPPP.
2. 2011 and 2012 Annual SWPPP Review Forms (2 Received).
3. Quarterly Comprehensive Site Inspection Forms (5 Received) for February 11, 2011 through March 6, 2012.
4. Monthly Preventative Maintenance Inspection Forms (7 Received) for March 8, 2011 through April 27, 2012.
5. April 2012 Weekly Fugitive Emissions Inspection and Observation Logs (4 Received).